

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSAL THREE)

Docket No. RM2015-11

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO QUESTIONS 1-5 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**  
(August 26, 2015)

The United States Postal Service hereby provides its responses to Questions 1-5 of Chairman's Information Request No. 2, issued August 19, 2015. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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## RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2

1. Please refer to the Postal Service's response to Chairman's Information Request No. 1, question 1, part a, which lists the criteria that will be used to determine the Mail Exit Points (MEPs) that will be transitioned to digital sampling as part of Proposal Three.<sup>1</sup>
  - a. The Postal Service states that one of the criteria is "[a]n average of 10,000+ pieces run on Second Pass Delivery Point Sequence or DPS (Operation 919) per day—obtained from End of Run data." Please clarify whether the average number of pieces is by MEP or by ZIP Code.
  - b. The Postal Service states that one of the criteria is that the MEP "[c]annot currently be tested in the same MEP as another ZIP Code with less than 10,000 pieces DPS." Please elaborate on the precise meaning of this criterion and provide the rationale for its inclusion.

### RESPONSE:

- a. It is by ZIP Code. In the digital frame, each MEP includes only one ZIP Code.
- b. In the current frame, multiple ZIP Codes can be tested in one MEP. One reason for this is that the mail for more than one ZIP Code could arrive at the delivery unit commingled, and the isolation of a single ZIP Code for testing is not feasible. If two ZIP Codes are currently sampled together and one does not meet our volume criteria of 10,000+ pieces, we made the conservative assumption that the ZIP Codes cannot be isolated, and therefore neither ZIP Code should be included on our digital frame.

The rationale for the inclusion of this criterion is to ensure that the mail that will still be tested live is isolatable. If two ZIP Codes arrive comingled at the

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<sup>1</sup> Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 1, July 31, 2015 (Response to CHIR No. 1).

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delivery unit, and only one is on our digital frame, the DCT will waste time separating the digital mail from the non-digital mail when testing the non-digital part of the mail. It would also greatly increase the chances of double counting.

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2. Please provide a geographic distribution of the ZIP Codes and the MEPs that will be converted to digital sampling as part of Proposal Three.

**RESPONSE:**

In the digital environment, one ZIP Code is one MEP. Therefore the distribution is the same for both ZIP Codes and MEPs. Below is a table showing the distribution by area and district.

Area	District	Number of MEPs/ZIP Codes
Capital Metro	Atlanta	129
Capital Metro	Baltimore	83
Capital Metro	Capital	54
Capital Metro	Greater South Carolina	97
Capital Metro	Greensboro	96
Capital Metro	Mid-Carolinas	65
Capital Metro	Northern Virginia	53
Capital Metro	Richmond	74
Eastern	Appalachian	46
Eastern	Central Pennsylvania	134
Eastern	Kentuckiana	53
Eastern	Northern Ohio	182
Eastern	Ohio Valley	137
Eastern	Philadelphia Metro	105
Eastern	South Jersey	158
Eastern	Tennessee	115
Eastern	Western New York	41
Eastern	Western Pennsylvania	130
Great Lakes	Central Illinois	137
Great Lakes	Chicago	61
Great Lakes	Detroit	153
Great Lakes	Gateway	118
Great Lakes	Greater Indiana	100

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Great Lakes	Greater Michigan	98
Great Lakes	Lakeland	160
Northeast	Albany	70
Northeast	Caribbean	5
Northeast	Connecticut Valley	160
Northeast	Greater Boston	159
Northeast	Long Island	99
Northeast	New York	49
Northeast	Northern New England	52
Northeast	Northern New Jersey	186
Northeast	Triboro	88
Northeast	Westchester	86
Pacific	Bay-Valley	89
Pacific	Honolulu	24
Pacific	Los Angeles	103
Pacific	Sacramento	105
Pacific	San Diego	51
Pacific	San Francisco	44
Pacific	Santa Ana	80
Pacific	Sierra Coastal	62
Southern	Alabama	63
Southern	Arkansas	26
Southern	Dallas	83
Southern	Fort Worth	81
Southern	Gulf Atlantic	101
Southern	Houston	53
Southern	Louisiana	61
Southern	Mississippi	23
Southern	Oklahoma	32
Southern	Rio Grande	133
Southern	South Florida	108
Southern	Suncoast	190
Western	Alaska	6
Western	Arizona	87
Western	Central Plains	66
Western	Colorado/Wyoming	101
Western	Dakotas	43
Western	Hawkeye	54
Western	Mid-America	55

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Western	Nevada-Sierra	53
Western	Northland	158
Western	Portland	94
Western	Salt Lake City	69
Western	Seattle	142

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3. In Response to CHIR No. 1, question 2, part a, the Postal Service provided a chart titled "Number of Records vs. Sampling Interval." Please confirm that the units in the x-axis are the number of mail pieces. If not confirmed, please specify the units used in the x-axis.

**RESPONSE:**

Not confirmed. The units in the x-axis are the sampling intervals (the mailpiece skip multiplied by the container skip). The units on the y-axis are the number of records (mailpieces).

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4. Please refer to Response to CHIR No. 1, question 3, part b.
- a. The Postal Service states that “[f]or digital testing, only mailpiece skip subsampling will be used.” Please provide the current mail piece skip subsampling procedure and an explanation of any changes that will be made to this procedure as part of Proposal Three.
  - b. The Postal Service explains that the live mail, the digital, and the volume ratios (listed in tables 1-6) exhibit variation. Please confirm that the variations referred to are not statistically significant. If not confirmed, please provide an explanation of how these variations impact the accuracy of the results produced by the proposed sampling method.

**RESPONSE:**

- a. The current mailpiece skip subsampling procedure can be found in the F-75, Section 4-4 Mailpiece Skip Subsampling Procedures, a copy of which is attached to this response electronically. There will be no changes to this procedure for digital sampling, except that the volume thresholds are no longer applicable. The volume thresholds are in the policy due to time limitations when a DCT is on-site conducting a test. Since time is not an issue for digital testing, a mailpiece skip can be performed on this mail regardless of volume.
- b. Confirmed.



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5. In Response to CHIR No. 1, question 4, the Postal Service states that Proposal Three will require "an initial investment of \$5 million" and that it "expect[s] to save up to \$2 million per year in data collection costs."
- a. Please clarify whether the \$5 million investment represents the total one-time investment required to implement this proposal. If additional investments are expected, please provide the amounts of the investments and the years in which they are expected to be made.
  - b. Please provide a breakdown of the expected annual costs for the proposed sampling system.

**RESPONSE:**

- a. The Postal Service has already spent approximately \$4.5M to implement the entire digital letter testing project. The instant proposed change in methodology relating to how shape and weight are collected for this mail has no additional costs.
- b. The identified annual costs of maintaining the system include Host Computing Server Mandatory Maintenance (around \$80K-100K per year). Other unidentified costs may arise (for example, if testing showed that a significant amount of images could not be read, supplemental testing might be necessary), but if so, they are not expected to exceed \$200,000.